GOVERNMENT OF INDIA
FINANCE
LOK SABHA

UNSTARRED QUESTION NO:1513
ANSWERED ON:04.08.2006
FOREIGN LOANS
Nedurumalli Janardhana Reddy Shri ;Rao Shri Kavuru Samba Siva

Will the Minister of FINANCE be pleased to state:

(a) whether attention of the Government has been drawn to a news-item captioned "India pays Rs. 406 crore to lenders for delayed projects" appearing in the Hindustan Times, dated the June 30, 2006;

(b) if so, the foreign loans received during 2003-04, 2004-05 and 2005-06 could not be utilized in time project-wise;

(c) the reasons for the same, projects-wise;

(d) the amount of penalty paid/to be paid by the Government due to delay;

(e) whether Government have prescribed any norms for the utilization of foreign loans in time;

(f) if so, the details thereof; and

(g) the reasons for which there guidelines are not adhere in these projects?

Answer

Minister of State in Ministry of Finance (Shri Pawan Kumar Bansal)

(a) to (d) Government of India is aware of the news-item on the subject as appeared in Hindustan Times on 28th June, 2006. However, the news-item gives wrong impression about payment ofcommitment charges for externally aided projects. The charge levied by the development partner for committing their fund is called commitment charge. There is no provision in external assistance to levy penalty for delayed execution of the project. There are no new Projects signed during 2003-04 to 2005-06 in which foreign loans received could not be utilized during the agreed project duration.

(e) to (g) Implementing authorities are expected to adhere to the norms and duration for the project as spelt out in the Project Document. Some of the steps taken to improve aid utilization are ensuring adequate provisioning for externally aided projects in the budgets of the State and Central Government, streamlining of procurement procedures, disintermediation of the flow of external aid to Central Public Sector Undertakings, strengthening of Project Monitoring Units in some States and Central Ministries, appointment of Nodal Officers for the States, regular review of projects, etc. The project implementation authorities like the Central Line Ministries / Departments, State Governments work under diverse unforeseen constraints like problems of land acquisition, litigation etc. and this sometimes delays the completion of the project.